

CITY OF HOUSTON, TEXAS
REVENUE BOND COVERAGE
For the Year Ended June 30, 2000
(amounts expressed in thousands)

	<u>Airport System</u>	<u>Convention and Entertainment Facilities</u>	<u>Water and Sewer</u>
Gross revenues	\$ 218,694	N/A	\$ 601,577
Maintenance and operating expenses	(113,442)	N/A	(254,411)
Pledged revenue/net revenue	<u>\$ 105,252</u>	<u>\$ 27,597</u>	<u>\$ 347,166</u>
Required pledged revenue per bond rate covenant	<u>\$ 42,401</u>	<u>15,073</u>	<u>\$ 238,063</u>
Coverage of required revenue	<u>2.48</u>	<u>1.83</u>	<u>1.46</u>
Debt service requirement	<u>\$ 38,455 ⁽¹⁾</u>	<u>\$ 12,058 ⁽²⁾</u>	<u>\$ 212,151</u>
Coverage of debt service	<u>2.74</u>	<u>2.29</u>	<u>1.64</u>

Airport:

Gross revenues include all operating income of the Airport System except for interest earned on the construction fund. Maintenance and operating expenses include all operating expenses of the system except for depreciation and capital improvements. Net revenues in each fiscal year are required to be at least equal to the larger of either: (1) the debt service and reserve transfer requirements for such fiscal year or; (2) 125% and 110% of the debt service requirements for such fiscal year on the Senior Lien (or Commercial Paper assumed to be refinanced as Senior Lien Revenue Bonds) and Subordinate Lien Bonds, respectfully.

**Convention and
Entertainment
Facilities Fund:**

Pledged revenues includes: four-sevenths of the Hotel Occupancy Tax revenues; all interest income from investments credited to the facilities' revenue, debt service, reserve, and renewal and replacement accounts. Pledged revenues in each fiscal year are required to be at least 125% of the maximum annual debt service requirements on all Senior Lien Bonds but not less than the amount required to maintain the debt service funds for the Senior and Subordinate Lien Bonds and to pay when due all other obligations payable from pledged revenues but not otherwise provided for.

Water and Sewer:

Net revenues include all income less operating expenses (net of depreciation) of the water and sewer system. Net revenues in each fiscal year are required to be at least equal to 120% of the current year debt service prior lien bonds plus required additions to the Prior Lien Reserve Fund, plus 110% of the current year debt service requirements on the junior lien bonds.

- (1) Debt service requirement is equal to interest expense (excluding amortization of bond discount and amounts provided for payment of interest from bond proceeds and deposited into a restricted fund for that purpose) for the fiscal year ended June 30, 2000 plus principal payment payable on July 1, 2001.
- (2) Debt service requirement shall mean the maximum annual debt service requirements in the current or any future fiscal year for all Senior Lien Bonds, which as of June 30, 2000 totals \$12,058,000 occurring in the year 2010.